



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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December 16, 2002

CERTIFIED RETURN RECEIPT
7099 3400 0016 8895 4616

Aaron D. Franek
Twin Mountain Rock Company
1000 Kiewit Plaza
Omaha, Nebraska 68131

Re: Final Five Year Review of Reclamation Surety Estimate, Twin Mountain Rock Company, Milford Quarry, M/001/036, Beaver County, Utah

Dear Mr. Franek:

On December 10, 2002 the Division sent an escalated surety amount for the Twin Mountain Rock's Milford Quarry. The amount reflected in this notice is incorrect. This surety amount failed to take into consideration the correct bond amount for Twin Mountain's 1998 permit amendment. We appreciate your call that brought this oversight to our attention.

An additional bond amount of \$23,578, calculated for an amendment filed in 2000 as a part of this plan, has been incorporated into the escalated surety total. The inclusion of the bond amount calculated for this amendment will consolidate the two bonds that presently exist for the Milford Quarry into a single surety. This will relieve Twin Mountain of the necessity of renewing this second bond amount in the near future.

The total surety for the Milford Quarry escalated to the year 2007 is \$1,102,700. Recognizing Twin Mountain's reclamation bond of \$192,000 presently being held by the BLM, leaves a surety amount of \$910,700 to be posted. A Surety Estimate Update is attached for your use. Please provide the updated surety within 60 days or no later than February 14, 2003.

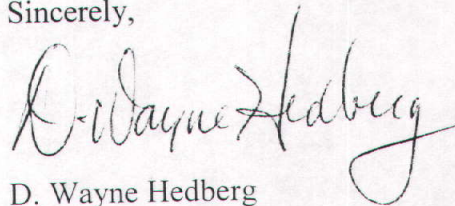
You may provide a rider to the existing surety and no other paperwork will be necessary. However, if you choose to post another form of surety, please contact Joelle Burns at (801) 538-5291 to obtain the current bonding forms or you may access the current forms on the internet at www.nr.utah.gov. If you post another form of surety, we will require that you also replace the

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Reclamation Contract, which is also located on the web. Please fax a "draft" copy of the documents so we can review them for completeness and accuracy before they are finalized.

If you are unable to provide the surety within this timeframe, please contact the Division with justification for requesting additional time. Thank you for your help in keeping the surety current. If you have any questions concerning this letter, please contact Doug Jensen at (801) 538-5382.

Sincerely,

A handwritten signature in cursive script that reads "D. Wayne Hedberg". The signature is written in dark ink and is positioned above the printed name and title.

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Attachment: Surety estimate update
cc: Ed Ginouves, BLM, Cedar City FO
Doug Jensen, DOGM
O:\M001-Beaver\M010036-Milford Quarry\Final\2ndbondescal.doc

SURETY ESTIMATE UPDATE

14-Nov-02

Twin Mountain Rock Company

Milford Quarry

FILE # M/001/036

Beaver County

Prepared by Utah Division of Oil, Gas & Mining

Last Update

3/12/97

DESCRIPTION:

-This update adjusts the surety amount for escalation only.

-Previous reclamation surety estimate was \$1,140,000 in year 2002 dollars - This bond amount was recalculated and reduced April 16, 1998 to a base amount of \$948,000 - This bond reduction was the result of a plan amendment submitted by Twin Mountain.

Increased in 8/02/00 by an additional \$23,578 in 2000 as the result of a 5.8 acre amendment to the plan.

-Reclamation Estimate base amount calculated in 1997-\$

-This summary is based on the reclamation estimate of 2/19/97 provided by Twin Mountain Rock Co.

-The BLM holds bond in the amount of \$256,000 for mineral materials sale UTU-73390

-The BLM will designate \$192,000 of this mineral sale bond for site reclamation

-The Division formally recognizes this \$192,000 in consideration of the amount of surety required

-The BLM will not release the reclamation portion of the bond without written permission from the Division

-The BLM and the Division will be jointly listed on the bond held by the Division

-Escalation factors through 2002 are actual Means Historical Cost Indices

-Total disturbed area = 216 ACRES

CALCULATIONS	YR	ESCAL FACTOR	BOND AMOUNT
$F = P(1 + i)^{**n}$	1993	0.0261	\$0.00
	1994	0.0321	\$0.00
	1995	0.0193	\$0.00
F = Future Sum	1996	0.0242	\$0.00
P = Present Sum	1997	0.0236	\$0
i = Escalation Factor	1998	0.0502	\$832,054
n = number of periods	1999	0.0191	\$847,946
	2000	0.0244	\$892,214 ***
Three Yr Average = 2.82%	2001	0.0460	\$933,256
Used to Project 5 Yrs	2002	0.0282	\$959,574
From the Year 2002	2003	0.0282	\$986,634
	2004	0.0282	\$1,014,457
	2005	0.0282	\$1,043,064
	2006	0.0282	\$1,072,479
	2007	0.0282	\$1,102,723
Updated Surety Amount Rounded (2007-\$)			\$1,102,700

** Average cost per acre = 5105 (\$/ACRE)

Recognizing the \$192,000 reclamation bond presently being held by the BLM the amount of surety required for this site will be adjusted to:

\$910,700

*** The \$23,578 bond for the 5.8 acre amendment added into surety calculations at this point